

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2254 – HB 2392

April 16, 2012

SUMMARY OF AMENDMENTS (013946, 014200): Deletes all language after the enacting clause. Establishes the Office of Higher Education Ombudsman within the office of the Comptroller of the Treasury. States that the role of this office shall be to assist faculty, staff, and employees in obtaining information about the operations and financial workings of the public higher education system and to provide educational outreach on higher education issues. Requires each public higher education system to appoint a person from existing personnel to serve as a contact person for the Ombudsman. Requires each public education system to provide the Ombudsman with the name of the contact person within sixty days of July 1, 2012, and to notify the Ombudsman within seven business days of the any change in the contact person. Requires the Ombudsman to make an annual report to the Chairs of the Education Committees of the General Assembly of the office's activities, findings and recommendations. Requires a copy of the annual report be provided to the Governor, members of the General Assembly, the President of the University of Tennessee, and the Chancellor of the Tennessee Board of Regents. Requires the Ombudsman to provide a draft of the report to those affected in the state higher education system; provide them with an opportunity to comment; and include their comments in the final version of the annual report.

Establishes the position of Higher Education Inspector General within the Office of the Higher Education Ombudsman. Requires the Higher Education Ombudsman to function as the Higher Education Inspector General unless the Comptroller finds that the two positions would be handled more efficiently by two separate individuals. The Inspector General shall examine financial and policy compliance within the two state higher education institutions. Requires the Inspector General to make an annual report to the Chairs of the Education Committees of the General Assembly detailing the Inspector General's activities, findings, and recommendations. Requires a copy of the annual report to be provided to the Governor, members of the General Assembly, the President of the University of Tennessee, and the Chancellor of the Tennessee Board of Regents. Requires the Inspector General to provide a draft of the report to those affected in the state higher education system; provide them with an opportunity to comment; and include their comments in the final version of the annual report.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – According the Comptroller's Office, the conservative estimated cost for the creation of this office will be \$381,000, but the increase in state expenditures will likely be between \$400,000 and \$500,000. The actual increase in state expenditures will be dependent upon the number of employees hired, the extent of their travel, and the cost for office supplies and other materials.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

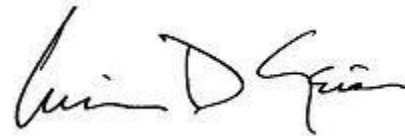
Other Fiscal Impact – Based on information received from the Comptroller, the estimated cost for the creation of this office will be \$381,000, but the increase in state expenditures will likely be between \$400,000 and \$600,000. The actual increase in state expenditures will be dependent upon the number of employees hired, the extent of their travel, and the cost for office supplies and other materials.

Assumptions applied to amendments:

- According to the Comptroller, the duties will be handled by separate individuals.
- Based on information received from the Comptroller, the salary and benefits for the Inspector General will be \$123,000. One supervisor will be hired at a cost of \$92,000 in salary and benefits.
- Three other staff members will be hired at a cost of \$69,000 in salary and benefits per position for a total of \$207,000 (\$69,000 x 3).
- Personnel will travel extensively throughout the state. The Comptroller has estimated that travel costs will be approximately \$41,000 annually.
- Supplies for new personnel will be approximately \$19,320 and other materials such as space set-up will be \$22,000.
- The increase in state expenditures is estimated to be \$504,320 (\$123,000 + \$92,000 + \$207,000 + \$41,000 + \$19,320 + \$22,000). According to the Comptroller's Office, actual expenditures will likely be higher depending on the extent of employee travel and the number of employees hired.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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